



UNAUDITED FINANCIAL RESULTS (QUARTERLY)

As at Asad end 2075 of the Fiscal Year 2074/75 (Mid July of 2018)

As per NRB Directive No. 4

Rs. in '000

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	121,158,048	114,132,958	114,804,339
1.1	Paid Up Capital	8,042,662	8,042,662	8,042,662
1.2	Reserve and Surplus	6,803,794	5,976,684	3,409,092
1.3	Debtenture and Bond	-	-	-
1.4	Borrowings	144,025	3,410,668	12,495
1.5	Deposits (a+b)	99,831,378	90,813,275	93,944,014
a.	Domestic Currency	99,525,782	90,402,287	93,633,398
b.	Foreign Currency	305,596	410,988	310,616
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	6,336,188	5,889,668	9,396,076
2	Total Assets (2.1 to 2.7)	121,158,048	114,132,958	114,804,339
2.1	Cash and Bank Balance	10,923,563	12,559,028	17,673,247
2.2	Money at Call and short Notice	1,100,000	200,000	1,200,000
2.3	Investments	15,910,763	11,306,648	12,181,297
2.4	Loans and Advances	79,632,495	79,705,932	74,372,887
a.	Real Estate Loan	3,519,207	3,600,037	3,313,586
1.	Residential Real Estate Loan (Except Personal Home Loan upto Rs.15 Million)	183,203	192,845	247,106
2.	Business Complex & Residential Apartment Construction Loan	352,904	371,478	318,657
3.	Income Generating Commercial Complex Loan	450,457	474,165	155,579
4.	Other Real Estate Loan (Including Land Purchase & Plotting)	2,532,643	2,561,549	2,592,244
b.	Personal Home Loan of Rs. 15 Million & Less	5,507,772	5,486,067	5,581,809
c.	Margin Type Loan	1,784,480	1,832,434	1,708,480
d.	Term Loan	19,727,837	18,675,817	19,212,118
e.	Overdraft / TR Loan / WC Loan	39,340,592	37,033,268	32,381,749
f.	Others	9,752,609	13,078,308	12,175,145
2.5	Fixed Assets (Net)	591,928	518,775	475,070
2.6	Non Banking Assets	87,019	87,679	120,190
2.7	Other Assets	12,912,279	9,754,898	8,781,647
3	Profit and Loss Account	Up to this Quarter	Up to Previous Quarter	Up to Corresponding Previous Year Quarter
3.1	Interest Income	9,207,609	6,606,328	7,526,659
3.2	Interest Expense	2,841,665	2,013,840	1,728,360
A.	Net Interest Income (3.1-3.2)	6,365,943	4,592,489	5,798,299
3.3	Fees, Commission and Discount	763,905	652,737	387,100
3.4	Other Operating Income	396,487	292,003	389,195
3.5	Foreign Exchange Gain/Loss (Net)	183,797	124,437	121,512
B.	Total Operating Income (A.+3.3+3.4+3.5)	7,710,133	5,661,665	6,696,106
3.6	Staff Expenses	2,464,887	1,772,620	2,366,705
3.7	Other Operating Expenses	681,824	507,599	659,979
C.	Operating Profit Before Provision (B.-3.6-3.7)	4,563,422	3,381,446	3,669,422
3.8	Provision for Possible Losses	349,725	263,609	706,927
D.	Operating Profit (C.-3.8)	4,213,696	3,117,837	2,962,495
3.9	Non Operating Income/Expenses (Net)	522,432	507,899	1,413,547
3.10	Write Back of Provision for Possible Loss	481,673	318,915	282,689
E.	Profit from Regular Activities (D.+3.9+3.10)	5,217,802	3,944,651	4,658,732
3.11	Extraordinary Income/Expenses (Net)	20,118	13,880	136,299
F.	Profit before Bonus and Taxes (E.+3.11)	5,237,920	3,958,531	4,795,031
3.12	Provision for Staff Bonus	385,394	290,614	351,008
3.13	Provision for Tax	1,452,808	1,100,189	1,326,129
G.	Net Profit/Loss (F.-3.12-3.13)	3,399,718	2,567,728	3,117,894
4	Ratios	At the end of this Quarter	At the end of Previous Quarter	At the end of Corresponding Previous Year Quarter
4.1	Capital Fund to RWA	17.60%	18.02%	14.47%
4.2	Non Performing Loan(NPL) To Total Loan	2.90%	2.91%	3.32%
4.3	Total Loan Loss Provision to Total NPL	105.99%	108.77%	106.37%
4.4	Cost of Funds	2.99%	2.97%	1.97%
4.5	Credit to Core Capital Deposit Ratio (Calculated as per NRB Directives)	69.63%	76.48%	70.92%
4.6	Base Rate	7.03%	7.11%	6.29%
Additional Information				
1	Average Yield	9.93%	9.87%	8.96%
2	Net Interest Spread (As per NRB Directives)	4.99%	4.99%	4.80%
3	Return on Equity	25.86%	26.88%	34.33%
4	Return on Assets	2.81%	3.00%	2.78%

- Note:**
1. Figures regrouped wherever necessary.
2. Above figures may vary with the audited figures if modified by the external auditor and regulators.

Disclosure as per Securities Registration and Issuance Regulation, 2073 Quarterly Details as of Asad end 2075 (July 16, 2018)

- Financial Highlights of Nepal Bank Limited** (as per unaudited figure)

a. Earning per Share (as per NRB)	NPR 42.27	d. Liquidity	24.65%
b. Market Value per Share	NPR 281.00	e. Return on Assets	2.81%
c. Price Earnings Ratio (Times)	6.65	f. Net worth per Share (as per NRB)	NPR 184.60
- Management Analysis**
 - Despite the unfavorable economic condition in the country, there have been positive changes in the bank's income, Loan & Advances and sources of fund i.e. deposit in line with the current business environment.
 - There is no any significant effect due to tight liquidity position in the banking industries in the performance of the bank.
 - The bank aims to achieve its financial goals through sustainable profitability and measured growth in balance sheet size. Our business models remain robust and we continue to seek sound growth with the high degree of our customers' satisfaction.
- Details relating to legal action**
 - Case filed by or against the bank during the quarter - There is no other major case except those arising in normal course of banking business related to lending and income tax.
 - Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the promoter or director of the bank - No such information has been received.
 - Case relating to financial crime filed against any Promoter or Director - No such information has been received.
- Analysis of share transaction and progress of the bank**
 - Management view on share transaction of the bank at securities market - Since price and transaction of the bank's shares are being determined at Nepal Stock Exchange through open share market operations, management view on this is neutral.
 - Maximum, minimum and last share price of the bank including total number of shares traded and days of transaction during the quarter.
Maximum Price: NPR 375.00 Minimum Price: NPR 280.00 Last Price: NPR 281.00
Transaction volume: 2,421,614 shares Days of transaction: 63
- Problems and Challenges**
 - Internal**
 - Loss of skilled human resources resulting from retiring employees as well as switching the job to another organization from the bank.
 - Increasing operating and employee expenses.
 - External**
 - Deposit Crisis and decreasing Remittance.
 - Cost of deposit/fund is increasing in the banking industry.
 - Unpredictable political situation and comparatively low economic growth rate.
 - Trade deficit and negative Balance of Payment.
 - Strategy**
 - Revision of retention policy to hold skilled human resources.
 - Introduction of new sources of fund/deposit scheme to attract the deposit from corporate and other individuals.
 - Better management of assets and liabilities.
 - Capitalizing existing array of services by continuous enhancement of service quality to the customers.
 - Closely monitoring internal and external environmental changes and adopting proactive approach.
- Corporate Governance**
Nepal Bank is committed to high standards of corporate governance, business integrity and professionalism in all our activities that assures all stakeholders that the bank is being managed ethically in compliance with best practices and applicable legislation and within predetermined risk parameters, and is also adding value to and protecting their investment.
- Declaration by the Chief Executive Officer on the Truthfulness and Accuracy of information**
I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in this report. I also hereby declare that to the best of my knowledge and belief, the information contained in this report is true, accurate and complete and there are no other matters concealed, the omission of which shall adversely affect the informed investment decision by the investors.

As per NRB Circular No. Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/10/074/75 and Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/23/074/75
NFRS Compliant Financial Statement

Rs. in '000

Statement of Financial Position	This Quarter Ending (2075-03-32)	Previous Quarter Ending (2074-12-30)	Corresponding Previous Year Quarter Ending (2074-03-31)
Assets			
Cash and cash equivalent	4,639,908	4,530,981	4,076,996
Due from NRB and placement with B/Fis	10,349,148	8,228,046	17,870,271
Loan and advances	78,004,405	77,720,757	72,575,670
Investment securities	21,511,119	19,916,565	17,641,317
Investment in subsidiaries and associates	-	-	-
Goodwill and intangibles	37,508	38,866	16,798
Other assets	24,062,263	21,425,916	23,587,602
Total Assets	138,604,351	131,861,132	135,768,655
Capital and Liabilities			
Paid up Capital	8,042,662	8,042,662	8,042,662
Reserves and surplus	24,072,518	23,253,054	21,648,662
Deposits	99,831,378	90,813,275	93,944,014
Borrowings	109,500	3,410,668	-
Bond and Debenture	-	-	-
Other liabilities and provisions	6,548,293	6,341,472	12,133,316
Total Capital and Liabilities	138,604,351	131,861,132	135,768,655
Statement of Profit or Loss	Up to this Quarter	Up to Previous Quarter	Up to Corresponding Previous Year Quarter
Interest Income	9,260,586	6,697,751	7,469,275
Interest expense	(2,841,665)	(2,013,840)	(1,728,360)
Net interest income	6,418,921	4,683,911	5,740,915
Fee and commission income	763,905	652,737	701,383
Fee and commission expense	(76,759)	(55,640)	(68,923)
Net fee and commission income	687,146	597,097	632,460
Other operating income	679,378	387,210	278,136
Total operating income	7,788,445	5,668,218	6,651,510
Impairment charge/(reversal) for loans and other losses	(19,390)	348,803	1,170,155
Net operating income	7,804,835	5,319,415	5,481,355
Personnel expense	(2,775,058)	(2,004,073)	(2,735,655)
Other operating expense	(553,353)	(451,960)	(659,964)
Operating profit	4,476,423	2,863,383	2,085,736
Non operating income/(expense)	40,785	(90,995)	433,373
Profit before tax	4,517,209	2,772,388	2,519,109
Income tax	(1,502,743)	(1,100,189)	(1,326,129)
Profit/(loss) for the period	3,014,466	1,672,199	1,192,979
Other comprehensive income	691,678	647,217	(367,364)
Total comprehensive income	3,706,144	2,319,417	825,616
Distributable Profit			
Net profit/(loss) as per profit or loss	3,014,466	1,672,199	1,192,979
Add/Less: Regulatory adjustment as per NRB Directive	(23,428)	(17,352)	(5,889)
Free profit/(loss) after regulatory adjustments	2,991,039	1,654,847	1,187,091
Ratios	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
Capital fund to RWA	17.60%	18.02%	14.47%
Non performing loan (NPL) to total loan (As per NRB Directive)	2.90%	2.91%	3.32%
Total loan loss provision to Total NPL (As per NRB Directive)	105.99%	108.77%	106.37%
Cost of Fund	2.99%	2.97%	1.97%
Credit to Deposit Ratio (As per NRB Directive)	69.63%	76.48%	70.92%
Base Rate	7.03%	7.11%	6.29%
Base Earning Per Share (in Rs.)	37.48	20.79	14.83
Diluted Earning per Share (in Rs.)	37.48	20.79	14.83

Notes to NFRS compliant Financial Statement as per NRB Circular no. Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/10/074/75 and Bai.Bi.Ni.Bi/Niti/Paripatra/KaKhaGa/23/074/75

- Above financials are prepared in accordance with Nepal financial Reporting standard (NFRS) as per NRB Circular no 23/074/075
- Previous year figures have been regrouped, rearranged and restated whenever necessary.
- These figures may vary with the audited figures at the instance of external auditor and regulators.
- Loan and advances consist of interest receivable and have been presented in net of any impairment charges.
- Personnel Expenses include employee bonus provision calculated at the rate of 8 percent on NFRS profit after Bonus before tax.
- Current Tax Liability has been calculated on NFRS profit.
- Provision for gratuity, leave encashment, pension, retirement benefit expenses have been calculated on the basis of actuarial valuation.
- Share issue expenses has been adjusted against Share Premium.

Segment Reporting

Rs. in '000

Name Of Segment	Banking	Treasury	Remittance	Government Transaction	Unallocatable	Total
Segment Total Assets	78,004,405	21,635,592	-	-	38,964,355	138,604,351
Segment Total Liabilities	99,831,378	-	-	-	6,657,793	106,489,171
Capital Employed					32,115,180	32,115,180
Interest Income	8,764,134	411,073	-	-	85,380	9,260,586
Interest Expenses	2,831,226	10,439	-	-	-	2,841,665
Net Interest Income	5,932,908	400,634	-	-	85,380	6,418,921
Fees And Commission Income	98,664	186,257	39,815	439,169	-	763,905
Fees And Commission Expenses	-	-	-	-	76,759	76,759
Net Fees And Commission Income	98,664	186,257	39,815	439,169	(76,759)	687,146
Net Interest Fees And Commission Income	6,031,572	586,891	39,815	439,169	8,620	7,106,067
Net Trading Income	-	-	-	-	-	-
Other Operating Income	20,118	-	-	-	659,260	679,378
Total Operating Income	20,118	-	-	-	659,260	679,378
Impairment Charge/(Reversal) For Loans And Other Losses	(481,673)	-	-	-	462,283	(19,390)
Net Operating Income	6,533,363	586,891	39,815	439,169	205,596	7,804,835
Total Unallocated Expenses	-	-	-	-	4,790,369	4,790,369
Profit For The Period	6,533,363	586,891	39,815	439,169	(4,584,773)	3,014,466

Notes to Segment Reporting :

- Segment Assets, Segment Liabilities include only those items that are allocatable and reported in Bank's Core Banking System (CBS). Unallocatable items shown in the reporting purposes are for reconciliation.
- Banking Segment involves functions like collecting deposits and lending activities among other similar activities.
- Treasury Segment involves short term and long term investment activities like investing in T-Bills, Bonds, Shares of companies etc.
- Remittance Segment involves activities of transferring / receiving funds locally and/or globally.
- Government Segment involves activities that are supportive to Government services like pension to Government employees, and facilitating other such Government services.

Reconciliation of Net Profit of Financial Statement as per NRB Directive No. 4 and NFRS Compliant Financial Statement

Rs. in '000

Particulars	This Quarter Ending (2075-03-32)	Corresponding Previous Year Quarter Ending (2074-03-31)
Profit as per earlier NRB Directive no 4	3,399,718	3,117,894
Employee benefit expenses charged on staff loan as per NFRS	(70,873)	(82,936)
Interest Income recognized on staff loan as per NFRS	98,469	140,912
Reversal of profit on sale of investment	(465,844)	(1,189,411)
Existing impairment loss reversal	(179,924)	352,584
Impairment expenses	107,544	(1,166,453)
Interest Income recognized on loan as per NFRS	23,428	5,889
Provision expenses on loan	(6,074)	(3,702)
Reversal of profit on sale of Property and equipment	(29,229)	(46,200)
Current Staff cost as per actuarial valuation	(1,01	